

Statement of James Kunder

Deputy Assistant Administrator for Asia and the Near East, USAID

Reconstruction in Afghanistan

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Mr. Chairman: On behalf of the U.S. Agency for International Development, I want to thank you for the opportunity to testify today on the reconstruction situation in Afghanistan. I also want to thank the Committee for the leadership and support it has provided for those U.S. government personnel working in Afghanistan, through hearings like these today that focus attention on Afghanistan and especially for taking the lead with the Afghan Freedom Support Act. The Act provides a useful framework for reconstruction efforts, as well as a welcome foundation for USAID's efforts.

Administrator Andrew Natsios dispatched me to Kabul in January, 2002, to re-open the USAID Mission there shortly after the fall of the Taliban regime. Since that time, I have been managing the USAID reconstruction efforts in Afghanistan, either from Kabul or Washington. I returned to Kabul in August of this year to serve as Acting Mission Director, providing an opportunity to assess first-hand the progress we have made over the past eighteen months.

First, in order to establish a baseline for analysis of the reconstruction effort, I believe it bears repeating that Afghanistan provides one of the most complex reconstruction challenges the U.S. government has encountered anywhere. Afghanistan was one of the poorest places on the face of the earth before the Soviet incursion precipitated more than two decades of conflict and destruction. Although solid data remains hard to come by, Afghanistan remains at or near the bottom of every socio-economic indicator used to measure human and economic progress. In fact, the country's overall human misery index is among the highest in the world. As just one grim reminder of the harshness of this long-suffering land, one of four Afghan children dies before the age of five.

While many analyses of Afghanistan describe the infrastructure damage caused by the long conflict there, I would like to draw the Committee's attention to Afghanistan's institutional devastation, which matches the physical damage in its severity. When our USAID team arrived in Kabul in January last year, we found a nation without a viable security apparatus, without courts, without functioning ministries; in short, a place where all the basic trappings of a nation-state had been obliterated. Compounding these

reconstruction challenges, Afghanistan possesses some of the harshest climatic conditions and most difficult terrain on earth, far too much of it laced with unmarked landmines, numbering in the millions.

USAID's first objective in Afghanistan was to prevent a major humanitarian crisis. Programs were put in place immediately to ensure sufficient supplies of food and shelter, especially for returning refugees and displaced persons, and to prevent the outbreak of hunger and epidemic diseases. Despite the challenges noted above, the massive humanitarian relief program launched in cooperation with our U.S. government, UN, NGO and other international colleagues worked effectively, preventing a widely feared and predicted relief crisis. As an example of the scale of the humanitarian effort undertaken since September 11, 2001, more than 400,000 metric tons of Food for Peace commodities has been delivered to Afghanistan.

Now we are putting in place the building blocks of a reconstructed Afghanistan, an Afghanistan that is - to quote President Bush - "prosperous, democratic, at peace, contributing to regional stability, market friendly, and respectful of human rights."

Six building blocks serve as the focus of our efforts:

1. **Reconstructing the devastated economy:** Since 85% of Afghans participate in the agricultural sector, USAID's emphasis has been on spurring agricultural recovery and rural reconstruction. Since highways are the commercial lifelines in Afghanistan, we have invested heavily in rebuilding key road links and the bridges destroyed in the conflicts of the past twenty-three years.
2. **Creating the conditions for private investment:** Given Afghanistan's commercial traditions and recognizing that foreign aid cannot alone provide long-term economic growth, USAID programs focus on currency and banking reform, investment law reform, sound budgeting procedures by the Afghan government and related "economic governance" initiatives. These mechanisms are necessary to induce the direct private investment that can fuel economic recovery in the long-term.
3. **Providing a "peace dividend" that will improve the lives of average Afghans:** Because the level of health care is abysmal in Afghanistan, and because - in a nation with 80% illiteracy - there are not enough schools for all the children who try to attend, we are investing in basic health clinics and primary education so that more Afghans will sense some hope for their future and their children's future.
4. **Reconstituting the basic organs of governance:** We have helped rebuild the Afghan Ministry of Agriculture, Ministry of Health, Ministry of Education and other institutions wiped out during the conflict and Taliban oppression. We are funding 136 Afghan expatriate advisors in various Ministries, paying the salaries of 879 Afghans who staff these Ministries, repairing buildings and record-keeping systems and retraining competent managers and teachers.
5. **Buttressing the peace process:** Keeping on track the "Bonn Agreement" that forged the post-Taliban government in Afghanistan has required support for the nationwide *Loya Jirgas*, or grand counsels, for elections, judicial reforms and

human rights institutions, and especially for the writing of a new constitution for Afghanistan.

6. **Contributing to a vibrant civil society:** As an alternative to the Taliban's emphasis on isolation and close-mindedness, USAID programs support a free media; training for professional journalists; assistance to private organizations of women, professionals and reformers; and other initiatives intended to spur free, open debate about the future of Afghanistan.

Although I do not minimize the very significant obstacles to reconstruction that remain in Afghanistan, our assessment is that significant progress has taken place in each of these key reconstruction building blocks between 2002 and 2003.

In **economic recovery**, for example, the Rome-based Food and Agriculture Organization reported an 82 percent increase between 2001 and 2002 in production of wheat - Afghanistan's staple grain - since the fall of the Taliban, with a further increase in production of 69 percent between 2002 and 2003. We are pushing forward with road construction, aiming to complete the first level paving of the major Kabul-to-Kandahar highway by the end of 2003. In support of **private sector investment**, a new *Afghani*, the national currency, has been placed in circulation, the Afghan central bank has been placed on a sound footing, a new banking law has been written, and the investment code is on the verge of promulgation.

To improve the lives of average Afghans, USAID alone has completed 760 projects, small and large, in the countryside. I have appended, for the Committee's review, a complete list of USAID reconstruction projects, which are under way or completed in 31 of Afghanistan's 32 provinces. The generosity of the U.S. people has provided 25 million textbooks for Afghan children. We have repaired or rebuilt 121 health clinics and facilities and will rebuild or construct 400 more over the next three years. We have also repaired or rebuilt 203 schools and will build or rebuild another 1,000 by 2006.

Much work remains to **establish or reconstitute government functions**, but many ministries have been repaired, an orderly national budget process is in place, and a USG-funded and installed voice and data telecommunications system now permits Kabul-based officials to communicate regularly with their provincial counterparts, in some cases, for the first time in Afghanistan's history. The **Bonn Agreement Peace Process** has been kept on track, with a successful *Emergency Loya Jirga* completed last year, functioning Judicial and Human Rights Commissions in place, programs underway to begin demobilizing factional fighters in the countryside, and a vigorous, and hotly debated, constitutional drafting process underway. Finally, a post-Taliban rebirth of **Civil Society** is under way in Afghanistan, with numerous radio stations up and running, a journalists training center funded with U.S. assistance in operation in Kabul, and a functioning Ministry of Women's Affairs establishing women's centers - with strong Congressional encouragement - across the nation.

As these reconstruction efforts continue, we are working not only with the U.S. military and our civilian counterparts within and outside the U.S. government, but with the

Afghans themselves. USAID programs are consciously designed to build Afghan capacity, and to pave the way for the Afghan government and people to secure their own destiny. For example, we are working with President Karzai's government to increase Afghan capacity to collect and manage customs revenues, a major source of government income. Currently, much of the Afghan government's operating costs are funded by foreign aid contributions, and we are working in the customs arena to build the capacity of the government to meet its own recurring costs. Similarly, in the health care field, we worked with the Ministry of Public Health to support the first national survey of health facilities, so that the government could establish its own priorities for rural health care delivery, led by the Afghans themselves.

Mr. Chairman, I am fully aware of the many concerns about security in Afghanistan, and reports of an increase in security incidents in recent months. The security situation per se is not within USAID's purview, but I do want to comment on the effect of security incidents on the reconstruction effort. Overall, without minimizing the security threat - and with profound regret for the lives, Afghan and foreign, that have been lost in recent attacks - we have every intention of maintaining the pace of our reconstruction efforts at the very least. We do not believe that the current rate of security incidents, including incidents targeting relief and reconstruction organizations, will significantly slow the reconstruction efforts. On the contrary, we will redouble our efforts out of awareness that our reconstruction efforts are a potent weapon in the fight against terrorism.

The reality is that Taliban remnants and other enemies of freedom recognize full well that paved highways, schools where girls learn to read, caring NGO workers, fair elections, and free radio stations will destroy them. That is why they launch scattered, but deadly, forays against these harbingers of progress. We have increased and will increase security measures to deter attacks, but frankly - given Afghanistan's levels of poverty and isolation, the legacy of twenty-three years of war, and the fear our work engenders among the enemies of freedom - I do not believe the current level of insecurity should slow our progress.

In summary, Mr. Chairman, much reconstruction work remains to be accomplished in Afghanistan, but much has been undertaken and the pace of reconstruction is accelerating. USAID appreciates the strong support of this Committee in those reconstruction efforts. I am prepared to elaborate on any of the points made in this testimony, or to answer your questions.

Thank you.